

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 448 - SB 465

March 2, 2009

SUMMARY OF BILL: Increases the personal needs allowance of nursing home residents from \$40 to \$50 beginning January 1, 2010. The Department of Health must review and revise recommendations previously developed to protect nursing home residents from inappropriate and unneeded goods and services or the diversion of the individual's personal needs allowance and submit its recommendations to the General Assembly no later than January 12, 2010.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$367,400/FY09-10
\$734,900/FY10-11 and Subsequent Years**

**Increase Federal Expenditures - \$1,053,300/FY09-10
\$2,106,600/FY10-11 and Subsequent Years**

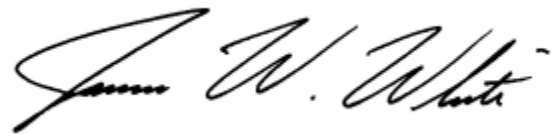
Assumptions:

- Currently, a resident's personal needs allowance is deducted from his or her Social Security Income with the remainder being applied towards care. Increasing the amount of the allowance by \$10 will result in a reduction in the amount applied towards care resulting in an increase in the amount TennCare will pay for residential long-term care services.
- The Bureau of TennCare estimates a total of 8,642,800 days per year (7,450,000 nursing facility 1 days + 730,000 nursing facility 2 days + 462,800 ICF/MR days) that are paid for resulting in approximately 23,679 (8,642,800/365 days) individuals per year whose allowance will increase.
- Each of the 23,679 residents will receive \$10 additional dollars per month or \$120 per year. The amount TennCare will be responsible for paying will increase by \$2,841,480 (23,679 x \$120).
- Of the \$2,841,480, \$734,864 will be state funds at a rate of 25.862 percent and \$2,106,616 will be federal funds at a match rate of 74.138 percent.

- The additional allowance will not go into effect until January 1, 2010. The estimated increase in expenditures for FY09-10 is \$367,432 (state funds) and \$1,053,308 (federal funds).
- The Department of Health will not incur a significant increase in expenditures to review and revise previous recommendations and report those to the General Assembly. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/kml